



Amy G. Rabinowitz
Counsel

July 23, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 04-51

Dear Secretary Cottrell:

I am enclosing Massachusetts Electric Company's responses to the Department's Record Requests in this proceeding.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: Jeanne Voveris, Hearing Officer

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Westborough, MA 01582-0099
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Massachusetts Electric Company
Docket No. D.T.E. 04-51
Responses to Department's First Set of Record Requests

DTE 1

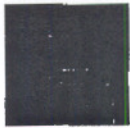
Request:

Please provide evidence that MDFA approved the financing.

Response:

Attachment 1 is a certified copy of the MDFA's resolution approving the financing.

Prepared by or under the supervision of: Robert G. Seega

**MASSDEVELOPMENT**Attachment 1 to Record Request DTE 1
Page 1 of 6160 Federal Street
Boston, Massachusetts
02110Tel: 617-330-2000
800-445-8030Fax: 617-330-2001
617-451-3429

www.massdevelopment.com

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY**SECRETARY'S CERTIFICATE**

I, Anne Marie Dowd, Secretary of the Massachusetts Development Finance Agency, a body politic and corporate created by and existing under Massachusetts General Laws, Chapter 23G, as amended, hereby certify the Regular meeting of the Board of Directors of the Agency duly held on November 13, 2003 and at which a quorum was present and acting, the action attached to this certificate was duly adopted by the affirmative vote of a majority of the directors present, as acting, under and pursuant to Massachusetts General Laws, Chapter 40D, Section 12, as amended, and remain in full force and effect without alteration, amendment or modification.

I hereby further certify with respect to such meeting as follows:

Such meeting was open to the public. Notice thereof was given to each director in the manner required by law and by-laws of the Agency. Notice stating the place, date and time of such meeting was filed with the Secretary of State and a copy thereof posted in the public office of the Executive Office for Administration and Finance in the time and manner set forth in Massachusetts General Laws, Chapter 30A, Section 11A 1/2, as in force at the time of such meeting; except as permitted by said Section 11A 1/2, no deliberations or decisions in connection with the attached action were taken in executive session, and the official record of such meeting was made available to the public promptly and remains available to the public and, excepting any such meeting held within the last 22 days, was made available more than 21 days prior to the date hereof.

MITT ROMNEY
GovernorKERRY HEALEY
Lieutenant GovernorROBERT L. BEAL
ChairmanROBERT L. CULLEN
PRESIDENT/CEO

I hereby further certify that no litigation is pending or, to my knowledge threatened, challenging and proceedings of the Agency relating to the attached action.


Secretary, Massachusetts Development Finance Agency

November 13, 2003

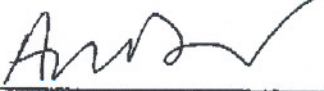
**MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
SECRETARY'S CERTIFICATE**

Attendance at the Regular Meeting Held November 13, 2003.

I, Anne Marie Dowd, Secretary of the Massachusetts Development Finance Agency, certify that those directors of the Agency and their duly appointed and acting designees, listed below and not indicated absent in the appropriate space, were present and acting at the Board of Directors Meeting of the Agency held on the date indicated above.

<u>APPOINTED DIRECTORS</u>		<u>ABSENT</u>
Robert L. Beal, Chair		
David F. Squire, Vice Chair		
Lisa Campoli		
Dix Davis		
Robert Fox		
Robert E. Gray, III		
Benaree Wilcy		
<u>EX-OFFICIO DIRECTORS</u>		
Eric Kriss, Secretary Executive Office for Administration & Finance		X
Barbara Berke, Director Department of Economic Development		
<u>DESIGNEES OF EX- OFFICIO DIRECTORS</u>		
Peter Schwarzenbach Designee for Secretary of A&F		
Jack Troast Designee for Director of DED		X

Dated: November 13, 2003


Anne Marie Dowd, Secretary

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Resolution Approving the Issuance, Sale and Delivery of Up to
\$40,000,000 of the Agency's Pollution Control Revenue Refunding Bonds
(Massachusetts Electric Company Issue), Series 2003,
Select Auction Variable Rate Securities**

BE IT RESOLVED THAT:

SECTION 1. The Massachusetts Development Finance Agency (the "Agency") declares as follows:

1.1. The Agency is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts established under Chapter 23G, as amended, of the Massachusetts General Laws ("Chapter 23G"), with the power to issue revenue bonds to finance and refinance pollution control facilities pursuant to Chapter 23G and, to the extent made applicable by Section 8 of Chapter 23G, to Chapter 40D, as amended, of the Massachusetts General Laws ("Chapter 40D"), such Chapters 23G and 40D being referred to collectively in this Resolution as the "Act".

1.2. Massachusetts Electric Company (the "Borrower") has proposed the refinancing of certain pollution control facilities (the "Project") in the Town of Somerset, Massachusetts. A portion of the costs of the Project were previously financed with the proceeds of the Massachusetts Industrial Finance Agency (as predecessor to the Agency) 5 7/8% Pollution Control Revenue Refunding Bonds, 1993 Series (Eastern Edison Company Project) (the "Series 1993 Bonds"). The Borrower has proposed the refinancing of the Series 1993 Bonds through the issuance of up to \$40,000,000 aggregate principal amount of the Agency's Pollution Control Revenue Refunding Bonds (Massachusetts Electric Company Issue), Series 2003, Select Auction Variable Rate Securities (the "Bonds"), and has furnished to the Agency certain information with respect thereto, together with forms of a Loan and Trust Agreement dated as of December 1, 2003 (the "Trust Agreement"), among the Agency, the Borrower and U.S. Bank National Association, as Trustee, and a Refunding Trust Agreement dated as of December 1, 2003 (the "Refunding Trust Agreement") among the Agency, the Borrower and the Trustee, which information is sufficient to enable the Agency and its Board of Directors to make the findings, determinations and declarations contained in this Resolution. In connection with the issuance and sale of the Bonds, an Official Statement (the "Official Statement") relating to the Bonds, to be dated the date of sale of the Bonds, will be executed by the Agency.

SECTION 2. The Agency and its Board of Directors find, determine and declare as follows:

2.1. The Project consists generally of the facilities described in the Trust Agreement.

2.2. The Borrower has represented that the estimated cost of refinancing the Project financed with the Series 1993 Bonds is approximately \$40,000,000, which is proposed to be financed by the Bonds to be issued by the Agency under the Act.

2.3. The Borrower is a responsible party.

2.4. The provisions of the Trust Agreement and the Refunding Trust Agreement are reasonable and proper; in making this determination the Agency has taken into account the factors it has deemed relevant, including, without limitation, the provisions of the Trust Agreement relating to the remedies of the Agency upon default by the Borrower.

2.5. The refinancing of the Project does not involve the lease or sale of the Project by the Agency to the Borrower.

2.6. The Trust Agreement and the Refunding Trust Agreement protect the public interest affected by their provisions.

2.7. Adequate provision is being made or will be made to meet any increased demand upon community public facilities that may result from the Project.

2.8. The Bonds, the Trust Agreement and the Refunding Trust Agreement comply with the provisions of the Act.

2.9. The payments to be made by the Borrower under the Trust Agreement are adequate to pay the current expenses of the Agency in connection with the Project and the principal of the Bonds as it comes due and interest thereon.

2.10. The term of the Bonds is reasonable, taking into account, among other things, the financial capability of the Borrower.

SECTION 3. Pursuant to the Act, the Agency authorizes the refinancing of the cost of the Project by the issuance of the Bonds in the aggregate principal amount of not more than \$40,000,000, and the Agency hereby authorizes the issue, sale and delivery of the Bonds to refinance costs incurred in connection with the Project. Each of the Executive Director and President/CEO, General Counsel, Senior Executive Vice President/Secretary, Treasurer and Executive Vice President, Finance and Administration, and Senior Vice President, Investment Banking, acting alone, is authorized on behalf of the Agency to execute (by facsimile signature or otherwise) and deliver upon original issue not more than \$40,000,000 aggregate principal amount of the Bonds dated, payable, bearing interest at a variable rate and otherwise substantially as set forth in the Trust Agreement authorized by this Resolution, subject to such changes as may be approved by the signing official, the power to determine and approve such matters (including the final aggregate principal amount of the Bonds, which in any event shall not exceed \$40,000,000, the final maturity date of the Bonds, which shall not be later than 20 years from the date of issuance thereof, the interest rate or rates to be borne by the Bonds, which may include variable rates, redemption provisions and any other matters relating to the terms of the Bonds) being hereby delegated to such signing official pursuant to and in accordance with Section 8 of Chapter 23G, his or her execution thereof conclusively to identify the same as being

the Bonds (with approved changes, if any) authorized by this Resolution; such officials and the Secretary or Assistant Secretary of the Agency are each authorized to affix or cause to be affixed the official seal of the Agency (or a facsimile thereof) to the Bonds; and the sale of the Bonds to Lehman Brothers Inc. (the "Underwriter") pursuant to a purchase contract (the "Purchase Contract") is authorized, subject to the condition that each Bond bear a legend, on its first page or face, in capital letters, to the effect that it is not a general obligation of the Agency or a debt or pledge of the faith and credit of The Commonwealth of Massachusetts.

SECTION 4. Each of the Executive Director and President/CEO, General Counsel, Senior Executive Vice President/Secretary, Treasurer and Executive Vice President, Finance and Administration, and Senior Vice President, Investment Banking, acting alone, is authorized on behalf of the Agency to execute and deliver (i) the Trust Agreement and the Refunding Trust Agreement in substantially the forms presented to this meeting, each of which form is approved, subject to such changes as may be approved by the signing official and (ii) the Purchase Contract, in customary form with respect to the sale of bonds of the Agency and with such other terms and conditions as may be approved by the signing official as necessary or desirable to reflect the terms of the Bonds, the power to determine and approve all such matters being hereby delegated to such signing official pursuant to and in accordance with Section 8 of Chapter 23G, his or her execution thereof conclusively to identify the same as being the Trust Agreement or the Refunding Trust Agreement, as the case may be (with approved changes, if any) and the Purchase Contract, authorized by this Resolution; and such officials, and the Secretary or Assistant Secretary of the Agency, are each authorized to affix or cause to be affixed the official seal of the Agency to the Trust Agreement and the Refunding Trust Agreement. Each of such officials, acting alone, is also authorized on behalf of the Agency to execute and deliver such other documents as may be deemed appropriate or necessary by the signing official, such execution and delivery thereof evidencing approval by the Agency of such documents.

SECTION 6. In order to assist in the sale of the Bonds, the Agency hereby authorizes the use and distribution of a Preliminary Official Statement and a final Official Statement, the forms of which shall be approved by any of the Executive Director and President/CEO, General Counsel, Senior Executive Vice President/Secretary, Treasurer and Executive Vice President, Finance and Administration, or Senior Vice President, Investment Banking, acting alone. The Agency hereby consents to the use of customary information pertaining to the Agency to be contained under the captions "The Issuer" and "Litigation" in the Preliminary Official Statement and in the final Official Statement and to the use and distribution thereof by the Underwriter. The Agency makes no representation or warranty as to the truth or accuracy of and assumes no responsibility for any information contained in the Preliminary Official Statement or the final Official Statement other than the information contained under the caption "The Issuer" and the information with respect to the Agency appearing under the caption "Litigation".

SECTION 7. Each of the officers and directors of the Agency is, and the employees, agents and attorneys of the Agency are, authorized and directed, in the name and on behalf of the Agency, from time to time as such officer, director, employee, agent or attorney may deem it appropriate or necessary, to do all acts and things required of them by the provisions of the Bonds, the Trust Agreement and the Refunding Trust Agreement and the instruments authorized by this Resolution, for the performance and observance of all of the terms and agreements

therein to be performed or observed on the part of the Agency, and also to do all acts and things necessary or proper to be done by any of them in connection with the signing, sealing, acknowledgment and delivery of such instruments, and the Bonds or otherwise required or appropriate to carry into effect the provisions of this Resolution and the matters hereby authorized, including without limitation, entering into such documents as may be necessary or desirable in order to obtain bond insurance or any other credit enhancement with respect to all or any portion of the Bonds.

SECTION 8. The Agency, by adopting this Resolution or by taking any other action in connection with the Project, the Bonds, the Trust Agreement or the Refunding Trust Agreement (including the issuance by the Agency of the Bonds and the making by the Agency of any of the findings set forth in Section 12 of Chapter 40D) does not and cannot provide any assurance or that the Project or the Borrower is financially viable or sound, that amounts owing on the Bonds or the Trust Agreement will be paid or that any collateral which may be pledged to secure the Bonds or the Trust Agreement would be sufficient to repay holders of the Bonds or the Agency, respectively, in the event of default and foreclosure; and none of the Borrower, any prospective purchaser of the Bonds nor any other person shall rely upon the Agency with respect to such matters. The Agency makes no representation or warranty that interest on the Bonds is or will continue to be exempt from federal or state income taxation.

SECTION 9. This Resolution shall take effect upon its adoption.

Adopted: November 13, 2003

DTE 2

Request:

Please provide a revised Exhibit RGS-2 of Exhibit MEC-1, using data from March of 2004. Please include the adjustments requested in Information Request DTE 1-5.

Response:

Attachment 1 is a revised Exhibit RGS-2 of Exhibit MEC-1, using data from March of 2004. Attachment 2 shows the adjustments to this revised Exhibit RGS-2, as requested in Information Request DTE 1-5.

Prepared by or under the supervision of: Robert G. Seega

MASSACHUSETTS ELECTRIC COMPANY
Comparison of Net Utility Plant to Total Capitalization
March 31, 2004 (In thousands)
(Unaudited)

	<u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>
<i>Assets</i>			
1 Utility plant, at original cost	\$ 2,342,310		\$ 2,342,310
2 Less accumulated provisions for depreciation	781,484		781,484
3	1,560,826		1,560,826
4 Construction work in progress	34,942		34,942
5 Net utility plant	1,595,768		1,595,768
6 Goodwill	1,023,272	(1,023,272)	-
7 Pension intangible	5,296		5,296
8 Current assets:			
9 Cash and cash equivalents	8,115		8,115
10 Accounts receivable:			
11 From electric energy services, including unbilled revenues	301,954		301,954
12 Other (including \$9,395 from affiliates)	14,722		14,722
13 Less reserves for doubtful accounts	12,296		12,296
14	304,380		304,380
15 Materials and supplies, at average cost	9,682		9,682
16 Prepaid and other current assets	1,963		1,963
17 Total current assets	324,140	-	324,140
18 Regulatory assets	48,017		48,017
19 Prepaid pension	107,122		107,122
20 Deferred charges and other assets	20,170		20,170
21 Total assets	<u>\$ 3,123,785</u>	<u>(1,023,272)</u>	<u>\$ 2,100,513</u>
<i>Capitalization and Liabilities</i>			
Capitalization:			
22 Common stock, par value \$25 per share,			
23 authorized and outstanding 2,398,111 shares	\$ 59,953		\$ 59,953
24 Other paid-in capital	1,508,991	(1,023,272)	485,719
25 Retained earnings	203,729		203,729
26 Accumulated other comprehensive income (loss)	(123,665)		(123,665)
27 Total common equity	1,649,008	(1,023,272)	625,736
28 Cumulative preferred stock, par value \$100 per share	4,727		4,727
29 Long-term debt	213,209		213,209
30 Total capitalization	1,866,944	(1,023,272)	843,672
Current liabilities:			
31 Long-term debt due within one year	39,000		39,000
32 Short-term debt to affiliates	220,575		220,575
33 Accounts payable (including \$93,009 to affiliates)	232,790		232,790
34 Accrued liabilities:			
35 Taxes	15,611		15,611
36 Deferred federal and state income taxes	1,458		1,458
37 Interest	5,045		5,045
38 Other accrued expenses	34,894		34,894
39 Customer deposits	4,069		4,069
40 Dividends payable	54		54
41 Total current liabilities	553,496	-	553,496
42 Deferred federal and state income taxes	176,174		176,174
43 Unamortized investment tax credits	10,726		10,726
44 Accrued pension and other post-retirement benefits	47,283		47,283
45 Additional minimum liability	131,503		131,503
46 Other reserves and deferred credits	337,659		337,659
47 Commitments and contingencies			-
48 Total capitalization and liabilities	<u>\$ 3,123,785</u>	<u>(1,023,272)</u>	<u>\$ 2,100,513</u>

Comparison of Net Utility Plant and Capitalization

Net Utility Plant (line 5)	1,595,768
Total Capitalization (line 30)	843,672
Incremental debt due to Proposed Refinancing	-
Excess of Net Utility Plant over Total Capitalization	752,096

MASSACHUSETTS ELECTRIC COMPANY
Comparison of Net Utility Plant to Total Capitalization
March 31, 2004 (In thousands)
(Unaudited)

		<u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>
	<i>Assets</i>			
1	Utility plant, at original cost	\$ 2,342,310		\$ 2,342,310
2	Less accumulated provisions for depreciation	781,484		781,484
3		1,560,826		1,560,826
4	Construction work in progress	34,942	(34,942) (1)	-
5	Net utility plant	1,595,768		1,595,768
	Capitalization:			
22	Common stock, par value \$25 per share,			
23	authorized and outstanding 2,398,111 shares	\$ 59,953		\$ 59,953
24	Other paid-in capital	1,508,991	(1,023,272)	485,719
25	Retained earnings	203,729	(203,729) (2)	-
26	Accumulated other comprehensive income (loss)	(123,665)	123,665 (3)	-
27	Total common equity	1,649,008	(1,103,336)	545,672
28	Cumulative preferred stock, par value \$100 per share	4,727		4,727
29	Long-term debt	213,209	39,000 (4)	252,209
30	Total capitalization	1,866,944	(1,103,336)	763,608

Comparison of Net Utility Plant and Capitalization

Net Utility Plant (line 5)	1,595,768
Total Capitalization (line 30)	763,608
Incremental debt due to Proposed Refinancing	-
Excess of Net Utility Plant over Total Capitalization	832,160

DTE 3

Request:

Please provide an updated Exhibit RGS-4 of Exhibit MEC-1.

Response:

Exhibit RGS-4, updated as of July 22, 2004, is attached.

Prepared by or under the supervision of: Robert G. Seega

Current Tax-Exempt Interest Rates: Massachusetts Electric

Rate Update

Massachusetts Electric
As of July 22, 2004

	Floating Rate Bonds			Adjustable Rate Bonds		Fixed Rate Bonds	
	35-Day Auction	TECP ⁽²⁾	Daily ⁽¹⁾	2-Year Put	5-Year Put	2008 Maturity (Current Maturity)	2014 Maturity (10-Year Maturity)
Non-AMT ⁽³⁾							
A2/A	1.53%	1.15%	1.10%	2.97%	3.86%	3.50%	4.52%
A1/A+	1.53%	1.10%	1.05%	2.82%	3.71%	3.35%	4.37%
Insured	1.38%	1.05%	1.00%	2.62%	3.51%	3.15%	4.17%

1. Bondholder has option to put bonds every day.
2. 30 Day Maturity
3. For AMT Bonds add 15-20 bps



DTE 4

Request:

In order for the Company to receive TEFRA approval, does the Company request that the Department's order include any specific language?

Response:

The Company does not request that the Department's order include any specific language for purposes of TEFRA. Bond counsel has informed the Company that MDFA does not require the Department's order in order to hold the TEFRA hearing and that the Governor's office does not require the Department's order in order to grant TEFRA approval.

Prepared by or under the supervision of: Robert G. Seega